



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
FORMER MONROE COUNTY CLERK**

Calendar Year 1998

**EDWARD B. HATCHETT, JR.
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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Russell Young, County Judge/Executive
Honorable Teresa Sheffield, Monroe County Clerk
Honorable Patsy J. Rich, Former Monroe County Clerk
Members of the Monroe County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the former County Clerk of Monroe County, Kentucky, for the year ended December 31, 1998. This financial statement is the responsibility of the former County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the former County Clerk was required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the former County Clerk for the year ended December 31, 1998, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
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Members of the Monroe County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated April 27, 1999, on our consideration of the former County Clerk's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 27, 1999

MONROE COUNTY
PATSY J. RICH, FORMER COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1998

Receipts

State Fees For Services	\$	6,103
Fiscal Court		5,676
Licenses and Taxes:		
Motor Vehicle-		
Licenses and Transfers	\$	247,463
Usage Tax		664,153
Tangible Personal Property Tax		550,177
Licenses-		
Fish and Game		6,148
Marriage		2,891
Occupational		233
Deed Transfer Tax		14,520
Delinquent Tax		20,278
		1,505,863
Fees Collected for Services:		
Recordings-		
Deeds, Easements and Contracts	\$	8,339
Real Estate Mortgages		11,988
Chattel Mortgages and Financing Statements		36,545
Powers of Attorney		586
All Other Recordings		8,722
Charges for Other Services-		
Candidate Filing Fees		3,350
Copywork		1,505
		71,035
Other:		
Miscellaneous		800
Interest Earned		1,952
Gross Receipts (Carried Forward)	\$	1,591,429

MONROE COUNTY
 PATSY J. RICH, FORMER COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1998
 (Continued)

Gross Receipts (Brought Forward) \$ 1,591,429

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 190,959	
Usage Tax	643,908	
Tangible Personal Property Tax	186,442	

Licenses-

Fish and Game	6,204	
Delinquent Tax	2,937	
Legal Process Tax	10,674	
Candidate Filing Fees	<u>1,870</u>	\$ 1,042,994

Payments to Fiscal Court:

Tangible Personal Property Tax	\$ 38,057	
Delinquent Tax	1,986	
Deed Transfer Tax	13,794	
Occupational Licenses	<u>220</u>	54,057

Payments to Other Districts:

Tangible Personal Property Tax	\$ 303,252	
Delinquent Tax	<u>9,224</u>	312,476

Payments to Sheriff 858

Payments to County Attorney 3,467

Operating Disbursements:

Personnel Services-

Deputies Salaries	\$ 76,870	
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Contracted Services-

Making Tax Bills	1,788	
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Materials and Supplies-

Office Supplies	796	
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MONROE COUNTY
 PATSY J. RICH, FORMER COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1998
 (Continued)

Disbursements (Continued)

Operating Disbursements: (Continued)

Other Charges-

Bad Check Expense	\$	563	
Conventions and Travel		3,328	
Dues		400	
Postage		2,999	
Refunds		1,649	
Miscellaneous		357	\$ 88,750

Total Disbursements			\$ 1,502,602
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Net Receipts			\$ 88,827
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Less: Statutory Maximum			48,726
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Excess Fees			\$ 40,101
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Less: Expense Allowance			3,600
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Excess Fees Due County for Calendar Year 1998			\$ 36,501
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Payments to County Treasurer:

Overpayment of Deed Transfer Tax	\$	11,091	
March 17, 1999		25,188	
April 27, 1999		222	36,501

Balance Due at Completion of Audit			\$ 0
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The accompanying notes are an integral part of the financial statement.

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1998

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The former County Clerk maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The former County Clerk met the requirements stated above, and as of April 13, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1998
(Continued)

Note 3. Grant

The former County Clerk received a \$5,350 local records grant for the purchase of roller shelving from the Kentucky Department for Libraries and Archives. Funds totaling \$5,350 were expended during calendar year 1998.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Russell Young, County Judge/Executive
Honorable Teresa Sheffield, Monroe County Clerk
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Members of the Monroe County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the former Monroe County Clerk as of December 31, 1998, and have issued our report thereon dated April 27, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Monroe County Clerk's financial statement as of December 31, 1998, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Monroe County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Russell Young, County Judge/Executive
Honorable Teresa Sheffield, Monroe County Clerk
Honorable Patsy J. Rich, Former Monroe County Clerk
Members of the Monroe County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 27, 1999

